(b) if so, the factors responsible for the same; and

(c) in what manner Government propose to cash in the growth in international arena?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Central Statistical Organisation (CSO) has not made any forecast of growth of Gross Domestic Product (GDP) for the current year 2004-05. The Reserve Bank of India (RBI) in its Annual Policy Statement released on May 18, 2004 has placed the real GDP growth for 2004-05 at 6.5 per cent, on the assumption of a trend growth of about 3 per cent in agriculture and the industry and service sectors maintaining their current growth momentum.

(c) With the strengthening and broadening of global recovery, prospects for Indian exports look bright in 2004-05. The Union Budget for 2004-05 has proposed a new tax regime for the textile sector to enable it to become competitive and improve its exports after the Agreement on Textiles and Clothing comes to an end on December 31, 2004.

Foreign Exchange Reserve

279. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Forex inflow has been continuing thus inflating Forex reserve;

(b) if so, whether Government have arrived at a safe and optimal level to keep the Forex reserves and utilise the balance for repaying the foreign debt;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Substantial foreign exchange inflows during the last two years have led to a large accretion of foreign exchange reserves.

(b) There are no commonly acceptable yardsticks regarding the optimal level of reserves. Existing yardsticks like import cover, short-term debt, and liquidity at risk, are essentially indicative in nature. Thus,

the concept of optimal size of reserves depends on various factors. With the changing profile of capital flows, the traditional approach of assessing reserve adequacy in terms of import cover has been broadened to include other parameters, such as the size, composition, and risk profiles of various types of capital flows, as well as the likely external shocks to which the economy is vulnerable.

(c) The significant increase in forex reserves enabled prepayment of external debt on Government account amounting to US$ 2.9 billion in 2002-03 and US$ 3.8 billion in 2003-04.

(d) Does not arise.

Target of rural credit by Banks

280. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite RBI stipulations, flow of credit to agriculture and other rural enterprises from commercial banks both in public and private sector has been unable to achieve the annual targets perennially;

(b) if so, the reasons therefor;

(c) the steps contemplated, if any, by Government to ensure compliance of the target by the Banks; and

(d) the steps taken, if any, for implementation of the recommendations contained in the report of the Joint Committee on Revitalization Support to Co-operative Credit Structure headed by Shri Balasaheb Vikhe Patil as the then Union Minister of State for Finance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) A target of 18 per cent of Net Bank Credit has been stipulated for lending to agriculture under priority sector lending by domestic scheduled commercial Banks, both in the public and private sector. However, no target has been stipulated for lending to other rural enterprises by domestic Scheduled Commercial Banks. As reported by Reserve Bank of India (RBI) credit to agriculture by Public Sector Banks and Private Sector Banks has increased in absolute terms from Rs. 73,507 crore (15.3% of Net Bank Credit) and Rs. 11,873 crore (10.8 per cent of Net Bank Credit) respectively as on